

Understanding the FMCA Process and Effective Readiness Grant Proposal Budget Preparation

Office of Financial Analysis & Innovation

Africa Regional Dialogue, Namibia

Financial Management Capacity Assessment (FMCA)

FMCA process objectives and purposes:



Applicant ability to Implement GCF Readiness grant



Compliance with GCF Standards



Safeguard GCF Investments



Risk Mitigation



Ensure Accountability



Strategic Decision making

FMCA Application Process

01

Self-Assessment
questionnaire
submission (form
04)



02

Application
Completeness
Review &
Checklist



03

Address
observations and
submit revise
application



04

GCF Fund Agent
start assessment
process upon
conformation from
GCF



Assessment Area

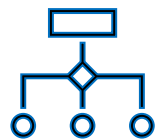
Pillar 1

Organization and
Legal Framework



Pillar 2

Structure and
Culture



Pillar 3

Financial
Management
(Including
management of
risk on AML/CFT)



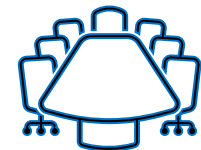
Pillar 4

Procurement
policies &
procedures








Pillar 5

Project
management
including
management of
Risk



Challenges during the FMCA review

-  Incomplete answers to SA Questionnaire; and not referring to relevant documents in SA
-  Missing essential supporting documents
-  Annex 1: AML/CFT Questionnaire answer with YES and NO only without elaboration (where asked)
-  FMCA application submission without any underlying Grant proposal
-  Waiting longer than the set timeline for additional information, and entities response on FMCA feedback and required missing documents

Readiness Grant Proposal Budget Preparation

Key budgeting principles for GCF Readiness grants

Transparency

- Transparent and easy to understand for all stakeholders



Cost Effectiveness

- Prioritize cost effective solutions
- Maximize the impact of the readiness grant



Alignment with GCF Objective

- Ensure that budget aligns with the overarching GCF objectives



Prioritization

- Allocate funds to activities that have the highest impact on addressing climate change challenges



Compliance with GCF Guidelines

- Adhere to GCF's Financial guidelines and policies in budget preparation



Value for Money

- Seek value for money by comparing the cost of activities with their expected benefits and outcome



Readiness Grant Proposal

Section 6.1 : Budget Plan

Please add rows for Outcomes, Outputs and Cost Categories as required. Additional budget categories may be added by manually typing them on the Budget Category sheet.

Objectives/Outcomes / Outputs			Detailed Budget (in US\$)							Total Budget (per outcome)	Total Budget (per outcome)	Expenditure Plan				Executin g Entity	Budge notes
			Budget Categories <small>choose from the drop-down list</small>	Unit	# of Unit	Unit Cost	Total Budget (per budget category)	Total Budget (per sub-outcome)	Year 1			Year 2	Year 3	Year 4			
Objective 1 : Capacity Building.	Example: Outcome 1.1 Country NDAs or focal points and the network/ systems that enable them to fulfil their roles, responsibilities and policy requirements are operational and effective	Example: Output 1.1 NDA operational manual developed and validated	Consultant - Individual - International	W/Day	30	500.00	15,000.00	111,500.00	111,500.00	6,000.00	15,000.00					A	
			Consultant - Individual - Local	W/Day	30	400.00	12,000.00			30,000.00	6,000.00					B	
			Professional Services – Companies/Firm	Lumpsum	1	50,000.00	50,000.00			30,000.00	20,000.00					C	
			Workshop/Training	Event	5	5,000.00	25,000.00			5,000.00	10,000.00	10,000.00					D
			Travel – Local	Trip	15	300.00	4,500.00				4,500.00						
			Travel - International	Trip	2	2,500.00	5,000.00				5,000.00						
			1.1.2 Output				-			-							
Objective 2 : Strategic Frameworks.	Outcome 2.2	1.1.3 Output				-	-										
		2.2.1 Output				-	-										
		2.2.1 Output				-	-										
Objective 3 :	Outcome 4.1	4.1.1 Output				-	-										
		4.1.2 Output				-	-										
					-	-											
Total Outcome Budget									111,500.00	41,000.00	60,500.00	10,000.00	-	-			
Project Management Cost (PMC) <small>Up to 7.5% of Total Activity Budget</small>			Consultant - Individual - Local	Month	5	1,000.00	5,000.00	Actual amount and % of PMC requested: <small>Do not change the formula.</small>	Maximum PMC that can be requested: <small>Do not change the formula.</small>								
			Audit Fee	Lumpsum	5	500.00	2,475.00										
							-										
							-				7,475.00	8,362.50					
							-				6.70%	7.50%					

FOR GREEN CLIMATE FUND SECRETARIAT'S USE ONLY

Breakdown (per budget category)	Total (per budget category)
Audio Visual & Printing	-
Audit Fee	2,475.00
Consultant - Individual - International	15,000.00
Consultant - Individual - Local	17,000.00
Professional Services - Companies/Firm	50,000.00
IT Equipment	-
Office Supplies	-
Travel - International	5,000.00
Travel - Local	4,500.00
Workshop/Training	25,000.00
0	-
0	-
0	-
0	-
0	-
Total Outcome Budget + PMC	118,975.00

FOR GREEN CLIMATE FUND SECRETARIAT'S USE ONLY

Total Outcome Budget	111,500.00
Project Management Cost (PMC)	7,475.00
Contingency	1,115.00
Sub-Total (Total Outcome Budget + Contingency + PMC)	
Delivery Partner Fee (DP) - Up to 0.5% of the Sub-Total	
Total Project Budget (Total Activity Budget + Contingency + PMC + DP)	
\$ 130,298.00	

- DP must include a complete Budget proposal with details
- Must include unit cost and quantity under each budget item
- Calculations must be presented clearly in the budget plan and budget notes.

Budget development process :

Frequently used Cost Categories in Readiness project:

- Project Staff cost
- Consultant Individual – Local/Regional and international
- Professional Services – Firm/Company
- Professional Services – University/research organization
- Communication materials and publications
- Training (workshop, seminars, orientations and learning visits)
- Travel – Local and international (including DSA)
- Office furniture
- Office Equipment

Paragraphs A to J in the 'Readiness Guidebook' provide detailed guidance for the various cost categories that may be part of the Readiness Proposal work plan and budget.

Cost Estimation:

- Use historical data, ICSC and UN information, expert judgment and research to make accurate cost estimates
- Allocate a contingency budget to cover unforeseen or unpredictable expenses
- Review Readiness Guidebook Annex II : Eligibility and benchmark for output costs



Thank you

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